



Capital Program, Planning and Real Estate Committee

Item III - A

September 8, 2016

**Approval to hold Public Hearing for
New Carrollton Joint Development Project**

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

Action Information

MEAD Number:
201759

Resolution:
 Yes No

TITLE:

New Carrollton WMATA Compact public hearing

PRESENTATION SUMMARY:

Board is requested to authorize a WMATA Compact public hearing for (1) replacement/expansion of the south side bus loop and Kiss & Ride and (2) removal and potential replacement of some of the south side surface parking at New Carrollton Metro Station to make way for transit-oriented development project.

This is pursuant to a Board-authorized Joint Development Agreement between WMATA and a developer for the development of WMATA's land at the New Carrollton Metro Station.

PURPOSE:

Staff is seeking Board authorization to hold a WMATA Compact public hearing about the: (1) the expansion of the existing bus loop and Kiss & Ride area on the south side of the New Carrollton Metro Station; and (2) the removal of some of the surface parking on the south side of the New Carrollton Metro Station, and (3) replacing some of that parking in a new shared garage at the station.

DESCRIPTION:

Metro and New Carrollton JV, LLC (a joint venture between Urban Atlantic and Forest City Enterprises) are parties to a Joint Development Agreement calling for multi-phased transit-oriented development at the New Carrollton Metro Station. The developer is preparing to move forward with its first phases of development on the south side of the Metro station. In the first phase of development, the developer will expand the existing bus loop and Kiss & Ride area and will displace one of two Metro-owned surface parking lots on the south side of the station. In a subsequent phase, the developer will displace the second surface parking lot. As a result of the proposed changes to Metro-owned and operated facilities, it is necessary to hold a WMATA Compact public hearing on changes to the south side of the Metro station. These include (1) expansion of the bus loop and Kiss & Ride area, and (2) removal of surface parking.

Key Highlights:

In accordance with prior Board actions approving the negotiation and execution of a non-binding Term Sheet and a binding Joint Development Agreement, Metro and New Carrollton JV, LLC executed a Joint Development Agreement for the development of Metro's surface parking lots at the New Carrollton Metro Station. The material points of the Joint Development Agreement are that New Carrollton JV, LLC will pay Metro the

fair market value for the land and then develop it in up to 11 phases for mixed-use: residential, office, retail, and potentially a hotel.

This is in furtherance of Metro's joint development program, which helps Metro to achieve its financial objectives, generate ridership, enhance the tax base of our jurisdictional partners, and improve the environment and quality of life through smart growth.

The developer is now preparing to develop the first or the first two of the 11 phases. This necessitates (1) expanding the bus loop and Kiss & Ride area on the south side of the Metro Station, and (2) displacing some of the surface parking currently located on the south side of the Metro Station. These changes to Metro transit facilities require a WMATA Compact public hearing. These phases of development do not impact the design and construction of the Purple Line.

Background and History:

In 2003, the Board authorized construction of approximately 1,800 new spaces in a parking garage at the New Carrollton Metro Station with the intent that the new garage would "replace 1,272 surface spaces and increase the capacity [of Metro's parking at New Carrollton] by approximately 500 spaces" (Board Resolution #2003-07). The garage was built, but development did not immediately occur. In the meantime, the 1,272 surface parking spaces were not taken out of service and continued to produce revenue for Metro. As a result, Metro now has a 1,800-space garage and a total of 1,710 surface parking spaces at New Carrollton.

In 2010, the surface parking lots at New Carrollton were publicly offered for joint development. Metro selected New Carrollton JV, LLC as the private developer and entered into a Joint Development Agreement for the project.

The Joint Development Agreement anticipates the development of a mixed-use project with more than 1 million square feet, to be delivered in 11 phases. The ground of each parcel would be leased to the developer by Metro (or sold, if condominiums are to be developed) as it is ready for development. The developer is now seeking to lease the ground of two parcels, one for a multi-family development and one for an office building.

When the project was initiated several years ago, ridership and parking utilization at New Carrollton were higher than they are currently. Daily ridership at New Carrollton peaked at 10,625 in May 2008, stood at 10,287 in May 2010 just before the Request for Qualifications for the development project was issued, and has declined annually to its May 2015 ridership of 8,349. The Joint Development Agreement reflects that earlier status by requiring that all removed parking be replaced on a one-for-one basis. The Joint Development Agreement also contemplates that some of the replacement parking could be provided via shared parking in private garages instead of as Metro-owned-and-operated parking in a stand-alone Metro garage. The same developer has done something similar at a joint development project at the Rhode Island Avenue-Brentwood Metro Station.

Per the Office of Parking, Metro's parking facilities at New Carrollton had a utilization rate of about 80% during FY 2015, and as of March 2016 had a utilization rate of about 75% for FY 2016.

In addition to METRO's parking facilities at New Carrollton, Prince George's County operates a garage with approximately 1,028 spaces, which has a utilization rate of approximately 71%. There is also a State of Maryland owned surface parking lot of 425 spaces that has a utilization rate of 75%.

In total, therefore, there are approximately 4,971 Metro, County and State parking spaces at the New Carrollton Metro Station and on any given day, approximately 1,106 of which are unused.

The Joint Development Agreement also requires the developer to build an improved bus loop and Kiss & Ride area on the south side of the Metro station.

Discussion:

The developer is now preparing for construction of (1) a build-to-suit office building for a prospective corporate user, and (2) multi-family units. Each development would also include a small amount of retail space. For this development, the developer must expand the existing bus loop and Kiss & Ride areas at New Carrollton, as well as displace the larger of the two surface parking lots, which contains 580 parking spaces.

The loss of the 580 or more surface parking spaces was anticipated in 2003 when the parking garage was authorized with the goal of replacing 1,272 surface parking spaces in the garage and adding approximately 500 more garage parking spaces. The development of the surface parking areas did not occur, however, and when the surface parking areas were not taken out of service notwithstanding the construction of the parking garage, parking demand continued to fill some of the surface spaces. Now that the first phase or two of development is proposed, a WMATA Compact public hearing is needed to address the change in the mass transit plan.

The proposed solution is to utilize a combination of (1) adding 100-150 spaces for Metro commuters in a new parking garage to be built by the developer as part of its project, and (2) making greater use of the approximately 1,106 vacant spaces available at New Carrollton on any given day. Similarly, should additional development occur and make it necessary to remove the 300-space surface parking lot from service, a case-by-case analysis for adding some new Metro commuter parking in the additional development while evaluating overall parking levels at New Carrollton would be undertaken.

The outcome of the WMATA Compact public hearing will be presented to the Board of Directors for its review and approval.

FUNDING IMPACT:

This is a request to hold a public hearing. The developer is to advance up to \$50,000 towards the cost of this hearing. The hearing is not expected to cost \$50,000; therefore, there will be no funding impact on Metro. Conversely, moving the project forward would expedite payment of rent to Metro for ground leases. The positive funding impact on Metro of going forward with

the first two phases is projected to be several million dollars - - with future proposed phases adding millions, perhaps tens of millions, more to that amount.

Project Manager:	Steven A. Teitelbaum, Senior Real Estate Advisor
Project Department/Office:	CFO/Office of Real Estate and Station Planning (LAND)

TIMELINE:

<p>Previous Actions</p>	<p>2003 -- Board authorized construction of approximately 1,800-space parking garage at New Carrollton "to replace 1272 surface parking spaces and increase the capacity by approximately 500 spaces."</p> <p>September 21, 2010 -- Request for Qualifications issued by Metro and State of Maryland with goal of developing their surface parking lots.</p> <p>March 24, 2011 – Metro’s Board of Directors approved selection of New Carrollton JV, LLC (a joint venture between Urban Atlantic and Forest City Enterprises) as developer.</p> <p>April 9, 2011 -- Metro, the State of Maryland, and New Carrollton JV, LLC entered into Memorandum of Understanding for coordination of project.</p> <p>January 22, 2015 -- Metro Board of Directors approved negotiation and execution of non-binding term sheet between Metro and New Carrollton JV, LLC.</p> <p>February 3, 2015 -- Metro and New Carrollton JV, LLC entered into non-binding term sheet.</p> <p>June 8, 2015 -- METRO Board of Directors approved negotiation and execution of binding Joint Development Agreement with New Carrollton JV, LLC.</p> <p>September 18, 2015 -- METRO and New Carrollton JV, LLC entered into binding Joint Development Agreement.</p> <p>Since September 2015 -- New Carrollton JV, LLC, with METRO's participation, has engaged in site planning and traffic studies, negotiated with Prince George's County for public funding of some of the infrastructure components of the project, and engaged in negotiations with a prospective tenant for a build-to-suit office building on the site.</p>
	<p>Summer/Fall 2016 - - The developer pursues its office build-to-</p>

Anticipated actions after presentation	<p>suit opportunity and continues with site planning and other development matters.</p> <p>Fall 2016 - - Metro seeks Federal Transit Administration (FTA) concurrence in the joint development process.</p> <p>Fall/Winter 2016 - - Metro begins the public participation process and holds a formal public hearing to discuss transit facility replacement issues identified above. The staff report and recommendations are then presented to the Board for approval.</p> <p>2017 - - Developer leases ground from Metro for development of first parcel. Construction begins.</p>
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RECOMMENDATION:

In connection with a joint development project, authorize holding of WMATA Compact public hearing to inform public and obtain its input regarding (1) expansion of existing bus loop and Kiss & Ride area on south side of New Carrollton Metro Station, (2) removal of some of surface parking spaces from south side of New Carrollton Metro Station, and (3) replacement of some of that parking in a new shared garage at New Carrollton Metro Station.



Washington Metropolitan Area Transit Authority

New Carrollton Metro Station Authorization for WMATA Compact Public Hearing

Capital Programming, Planning & Real Estate Committee

September 8, 2016



Purpose

Obtain Board authorization to hold WMATA Compact public hearing for New Carrollton Metro Station in support of joint development activity on south side of station to evaluate:

- Replacement and expansion of bus loop and Kiss & Ride on south side of station
- Removal of surface parking lots and partial replacement with garage spaces on south side of station



Background

- 2003: Board approval of construction for a 1,800 space garage to replace 1,200 surface parking spaces and add 500 additional spaces for joint development
- 2010: Joint development solicitation was issued and New Carrollton JV, LLC was selected as the developer
- 2015: Board approved the Joint Development Agreement with New Carrollton JV, LLC. The development program includes:
 - ✓ 2.7 million square feet of mixed-use development
 - ✓ Delivered in 11 phases (2016 – 2028)



New Carrollton Development Plan





Compact Public Hearing for Changes to South Side Metro Facilities



Development Plan for South Side

- Phase I construction scheduled to begin 2017 and be completed late 2018
- Building of new and/or expanded bus loop and Kiss & Ride is required
- Removal of 880 existing surface parking spaces is required



- Total of 1.41 million SF
 - ✓ 615,000 SF residential
 - ✓ 525,000 SF office
 - ✓ 120,000 SF retail
 - ✓ 150,000 SF hotel



South Bus Loop and Kiss & Ride

- Joint Development Agreement contemplates current south bus loop and Kiss & Ride will be replaced and/or expanded
- Developer may be able to expand existing bus loop and Kiss & Ride, rather than building new
 - ✓ Would minimize service disruption
 - ✓ Would increase proceeds to Metro



South Parking Lots 2 & 3

- For Phases I-II, 580 spaces would be removed
 - ✓ 100-150 spaces will be replaced in new garage
 - ✓ Balance of parking space loss will be offset by 1,100 currently vacant spaces at New Carrollton
- For Phases III-V, 300 spaces would be removed
 - ✓ Metro will assess how much parking will need to be replaced
- Metro's parking garage (approximately 1,800 spaces) will not be affected

SUBJECT: APPROVAL TO CONDUCT A PUBLIC HEARING ON PROPOSED CHANGES TO TRANSIT FACILITIES AT THE NEW CARROLLTON METRORAIL STATION

**RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

WHEREAS, On June 8, 2015, the Washington Metropolitan Area Transit Authority (WMATA) Board of Directors approved the negotiation and execution of a binding Joint Development Agreement (JDA) setting forth the parameters for development of a joint development project on a portion of the New Carrollton Metrorail station site; and

WHEREAS, WMATA and New Carrollton JV, LLC entered into a binding JDA dated September 18, 2015; and

WHEREAS, The current phase of development in accordance with the JDA will require: (1) an expansion of the existing bus loop and Kiss & Ride on the south side of the New Carrollton Metrorail station; and (2) the removal of surface parking from the south side of the New Carrollton Metrorail station; and (3) the replacement of some of the displaced spaces in Developer's private garage that will be constructed on the south side of the New Carrollton Metrorail station; and

WHEREAS, The proposed changes to the WMATA transit facilities at the New Carrollton Metrorail station require a Compact public hearing because they will result in a modification of the Mass Transit Plan, and the WMATA Board of Directors is required to authorize the holding of any such public hearing; now, therefore be it:

RESOLVED, That, in accordance with Sections 13-15 of the WMATA Compact, the Board of Directors authorizes staff to conduct a public hearing to evaluate the proposed modifications to WMATA's transit facilities on the south side of the New Carrollton Metrorail station; and be it further

RESOLVED, That the General Manager and Chief Executive Officer (GM/CEO), in coordination with the Board of Directors, will establish the date, time and location of the hearing on the proposed changes to the WMATA transit facilities, and that such hearing shall not be scheduled until such time as the GM/CEO is satisfied that there will be no adverse impact upon the Trust Estate under WMATA's bonds; and be it further

RESOLVED, That the Board of Directors authorizes the GM/CEO to release the Public Hearing Staff Report regarding the proposed changes to WMATA's facilities on the south side of the New Carrollton Metrorail station, as soon as the Staff Report is available, subject to later submission of the Staff Report Supplement, with final staff recommendations to the Board of Directors for its approval. All Board members will receive the Staff Report concurrently with its release for public review; and be it finally

RESOLVED, That this Resolution shall be effective 30 days after adoption in accordance with § 8(b) of the WMATA Compact.

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
General Counsel

WMATA File Structure Nos.:

- 12.7.2 Master Plans/Mass Transit Plan (including transit zone modifications)
- 18.8 Public Hearings and Meetings
- 21.9.4 Joint Development Agreements

PROPOSED